

FISCAL IMPACT STATEMENT ON BILL NO. **H3101**

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TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Trey Kannaday		
DATE:	April 10, 2007	SBD:	2007194
AUTHOR:	Representative Rice	PRIMARY CODE CITE:	59-156-10
SUBJECT:	Special Needs Scholarship Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

House Bill 3101 would provide special needs students the option to receive a scholarship from the State to attend a non-public school of their choice. The Bill requires the State Department of Education to implement the Bill and further requires the Education Oversight Committee to conduct a study of the program.

EXPLANATION OF IMPACT:

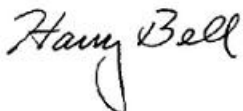
The State Department of Education (SDE) estimates administrative costs associated with implementation at \$142,540. SDE currently does not perform the administrative tasks required by the Bill such as receiving scholarship requests, informing school districts that a special needs scholarship has been requested, or determining the amount of the scholarships. This cost consists of 2 FTE's at a salary of \$51,000 each with related fringe benefits each of \$15,300. Other operating expenditures are estimated at \$7,940. First year non-recurring expenditures are estimated at \$2,000 for office work stations. The Education Oversight Committee estimates this Bill will have no fiscal impact for that agency.

The cost of the scholarships depends on the number of students who take advantage of the program. Since the Bill does not specify that local school district revenue shall be used to help fund the scholarships it is assumed the state would cover that portion of student funding supported by local revenue. Local school district average per pupil funding is projected at \$4,929 for FY 2007-08. SDE estimates the number of special needs students at 111,000. Therefore, if 1% of the eligible student population receives a scholarship, the cost can be estimated at \$5,471,190.

The transportation costs associated with this Bill are unknown. However, SDE reports that the estimated cost per mile to operate a school bus is \$1.13, which includes 70 cents (\$.70) per mile for direct operating expenses and forty-three cents (\$.43) per mile for depreciation. Bus driver salaries average \$9.20 per hour (excluding fringe benefits). The reimbursement rate for parents who transport their children is 40.5 cents (\$.405) per mile.

SDE further estimates that each school district would need one additional staff to perform the activities required by the Bill. This cost consists of 1 FTE for each of the 85 school districts at a salary of \$50,000 each with related fringe benefits of \$15,000 and \$1,000 in operating costs. Therefore, statewide district costs can be estimated at \$5,610,000. The impact on the General Fund of the State for this component is at the General Assembly's discretion. The cost to the districts may be covered with State General Funds and/or local school district funds.

Approved by:



Harry Bell
Assistant Director, Office of State Budget